

MOHAVE COUNTY AIRPORT AUTHORITY, INC.

FINANCIAL STATEMENTS

JUNE 30, 1988

MOHAVE COUNTY AIRPORT AUTHORITY, INC.

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# Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

Board of Directors  
Mohave County Airport Authority, Inc.  
Kingman, Arizona

We have examined the general purpose financial statements of Mohave County Airport Authority, Inc. as of and for the year ended June 30, 1988, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements referred to above present fairly the financial position of Mohave County Airport Authority, Inc. at June 30, 1988, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Mohave County Airport Authority, Inc. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Voordeckers & Mosby*  
Certified Public Accountants  
November 5, 1988

MOHAVE COUNTY AIRPORT AUTHORITY, INC.  
COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1988

ASSETS

	<u>General Fund</u>	<u>General Fixed Asset Accounts</u>	<u>General Long-Term Debt Accounts</u>	<u>Totals (Memorandum Only)</u>
Cash and Cash Equivalents	\$ 139,027			\$ 139,027
Accounts Receivable				
Due from Federal Grants	26,972			26,972
Refundable Deposits	585			585
Property & Equipment, net of accumulated depreciation		\$ 2,694,825		2,694,825
Construction in Progress		72,463		72,463
Industrial Park Plan, net of accumulated amortization		4,340		
Amount to be Provided for Retirement of Long-Term Debt			\$ 47,159	47,159
<b>Total Assets</b>	<b>\$ 166,584</b>	<b>\$ 2,771,628</b>	<b>\$ 47,159</b>	<b>\$ 2,985,371</b>

LIABILITIES AND FUND EQUITY

Current Portion of Long-Term Debt	\$ 19,071			\$ 19,071
Accounts Payable	4,113			4,113
Contracts Payable-Grant Exp.	37,055			37,055
Payroll Taxes Payable	2,688			2,688
Accrued Salaries & Wages	3,416			3,416
Accrued Interest Payable	715			715
Long-Term Debt Notes Payable			\$ 47,159	47,159
<b>Total Liabilities</b>	<b>67,058</b>		<b>47,159</b>	<b>114,217</b>
<b>Fund Equity</b>				
Investment-Fixed Assets		\$ 2,771,628		2,771,628
Reserved Fund Balance	428,662			428,662
Unreserved Fund Balance	(329,136)			(329,136)
<b>Total Fund Equity</b>	<b>99,526</b>	<b>2,771,628</b>		<b>2,871,154</b>
<b>Total Liabilities and     Fund Equity</b>	<b>\$ 166,584</b>	<b>\$ 2,771,628</b>	<b>\$ 47,159</b>	<b>\$ 2,985,371</b>

See Accompanying Notes To Financial Statements

MOHAVE COUNTY AIRPORT AUTHORITY, INC.  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCE-ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1988

	<u>General Fund</u>
<b>Revenues</b>	
Rents-Leases and Tie Downs	\$ 160,573
Interest Income	1,034
Mohave County-Proceeds of Land Sale	149,907
Mohave County-Miscellaneous	7,436
Federal Grants	33,264
Other Revenues	<u>10,166</u>
Total Revenues	<u>362,380</u>
<b>Expenditures</b>	
General and Administrative	182,479
Capital Expenditures	64,171
Debt Service	
Principal Retirement	18,941
Interest	<u>7,368</u>
Total Expenditures	<u>272,959</u>
Excess Revenues Over (Expenditures)	<u>89,421</u>
<b>Other Financing Sources</b>	
Proceeds from Long-Term Debt	43,000
Proceeds from Sale of Assets	<u>7,050</u>
Total Other Financing Sources	<u>50,050</u>
Excess Revenues and Other Sources Over Expenditures	139,471
Fund Balance (Deficit) Beginning	(351,560)
Reclassification to Reserved Fund Balance	<u>(117,047)</u>
Fund Balance (Deficit)-Ending	\$ (329,136) =====

See Accompanying Notes To Financial Statements

MOHAVE COUNTY AIRPORT AUTHORITY, INC  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1988

	General Fund (Non-GAAP)		Variance- Favorable (Unfavorable)
	Budgeted	Actual	
<b>Revenues</b>			
Rents-Leases and Tie Downs	\$ 126,662	\$ 170,715	\$ 44,053
Interest Income	1,000	1,034	34
Mohave County-Proceeds of Land Sale	149,500	149,907	407
Mohave County-Miscellaneous		7,436	7,436
Other Revenues	24,100	10,166	(13,934)
<b>Total Revenues</b>	<u>301,262</u>	<u>339,258</u>	<u>37,996</u>
<b>Expenditures</b>			
General and Administrative	277,257	183,869	93,388
Capital Expenditures	47,805	30,271	17,534
Debt Service	31,200	26,309	4,891
<b>Total Expenditures</b>	<u>356,262</u>	<u>240,449</u>	<u>115,813</u>
<b>Excess Revenues Over (Expenditures)</b>	<u>(55,000)</u>	<u>98,809</u>	<u>153,809</u>
<b>Other Financing Sources</b>			
Proceeds from Long-Term Debt	55,000	55,000	
Proceeds from Sale of Assets		7,050	7,050
<b>Total Other Financing Sources</b>	<u>55,000</u>	<u>62,050</u>	<u>7,050</u>
<b>Excess Revenues and Other Sources Over Expenditures</b>	<u>\$ -</u>	<u>160,859</u>	<u>\$ 160,859</u>
<b>Fund Balance (Deficit) Beginning</b>		(351,560)	
<b>Reclassification to Reserved Fund Balance</b>		(117,047)	
<b>Adjustments to Conform with Generally Accepted Accounting Principles</b>		<u>(21,388)</u>	
<b>Fund Balance (Deficit)-Ending (GAAP Basis)</b>		<u>\$ (329,136)</u>	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MOHAVE COUNTY AIRPORT AUTHORITY, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1988

1. Summary of Accounting Policies

The Mohave County Airport Authority, Inc. was incorporated in the state of Arizona in January 1979 as a nonprofit corporation. The authority operates, maintains, and manages the Kingman and Bullhead City municipal airports for Mohave County in the state of Arizona. The authority is also responsible for the promotion and development of the Kingman Airport Industrial Park adjacent to the Kingman Airport. The authority is administered by the board of directors who are elected by the membership of the authority.

The authority is considered to be a political subdivision of the state of Arizona and Mohave County, with the responsibility of carrying out the functions of the county in the area of airport management, maintenance and operation. The accounting policies of the authority conform with generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The authority is an autonomous reporting entity. The financial statements presented include all of the funds and account groups relevant to the operations of the Mohave County Airport Authority, Inc.

Fund Accounting

The accounts of the authority are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. All operations of the authority are accounted for in its general fund and related account groups.

The authority leases the real property, on which the airports and industrial park is located, from Mohave County under a long term lease. Primary sources of funding for the authority are rents from subleasing real property, tie down fees at the Kingman Airport, proceeds from the sale of real property located in the Kingman Airport Industrial Park, and grants from other governmental units. Functions financed by the general fund include the management, maintenance, and development of the Kingman and Bullhead City airports and the Kingman Airport Industrial Park.

Property and Equipment and Long-Term Liabilities

The accounting and reporting treatment applied to property and equipment and long-term liabilities associated with a fund are determined by its measurement focus. The governmental general fund type used by the authority is accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance (net current assets) is considered a measure of "available spendable, resources". Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property and equipment used in the general fund are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. An allowance for accumulated depreciation is recorded as a reduction of the investment in fixed assets account. No depreciation has been recorded in the statement of revenues, expenditures, and changes in fund balance.

All property and equipment are valued at historical cost. The authority has adopted a policy of capitalizing "infrastructure" general fixed assets (roads, lighting, drainage, sewer, water, and other similar assets).

Long-term liability expected to be financed from the general fund are accounted for in the General Long-Term Debt Account Group, not in the general fund.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations.

#### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The governmental general fund used by the authority is accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Lease revenues are recorded at the time they become due. Revenues from grants are recognized when they become available from the granting agency, usually as the related costs are incurred on construction projects. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

#### Budgets and Budgetary Accounting

The authority adopts an annual budget as a management control device. The budget is prepared on a cash basis, which is a different basis of accounting than is used to present the financial statements. Also amounts of grant revenue and the related expenditures were not included in the budgets.

The statement of revenues, expenditures, and changes in fund balance-budget and actual presents comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant timing differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 1988, is as follows:

Excess of revenues and other sources over (expenditures) (budgetary basis)	\$ 160,859
Adjustments:	
To remove beginning accrued revenues	<10,142>
To remove beginning accrued expenditures	120,738
To add back ending accrued revenues	26,972
To deduct ending accrued expenditures	<41,168>
To deduct grant revenue received	6,292
To deduct grant expenditures paid	<112,080>
To deduct current portion of debt proceeds treated as revenue	<u>&lt;12,000&gt;</u>
Excess of revenues and other sources over (expenditures) (GAAP basis)	\$ 139,471 =====

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

#### Reserves of Fund Equity

The authority records reserves to indicate that a portion of the fund equity is segregated for a specific future use. The authority is obligated to invest the proceeds from sales of real property in the Kingman Airport Industrial Park in improvements to the Kingman Airport. The authority has five years from the sale of real property to the expenditure of funds for airport improvements. The amount obligated for airport improvements in reserved fund balance at June 30, 1988 is \$428,662.

#### Total Columns on Combined Statements

Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

#### 2. Cash and Cash Equivalents

Cash and cash Equivalents are consolidated for balance sheet presentation. Cash and cash equivalents consist of the following at June 30, 1988:

Petty Cash Fund	\$ 75
Deposits in non-interest bearing checking accounts	12,185
Deposits in market interest savings accounts bearing interest of 5%	41,767
Certificate of Deposit, bearing interest 6.5%	<u>85,000</u>
	\$ 139,027 =====

### 3. Due from Federal Grants

Amounts due from the U.S. Department of Commerce, Economics Development Administration, Project #07-01-02816. The related expenditures on the construction project is accrued as contracts payable on the balance sheet.

### 4. Refundable Deposits

Amount of deposit with the state workmen's compensation fund based on the authority's estimated annual premium.

### 5. General Fixed Assets Account Group

The following is a summary of changes in the general fixed asset account group:

	Balance July 1, 1987	Additions	Deductions	Balance June 30, 1988
Land Improvements				
Airport	\$ 531,974	\$ 1,188,929		\$ 1,720,903
Land Improvements				
Industrial Park	695,331	322,912		1,018,243
Bldgns & Improvements				
Airport	147,698			147,698
Bldgns & Improvements				
Industrial Park	103,438			103,438
Furniture, Fixtures &				
Equipment	26,262	2,412		28,674
Vehicles	17,231		\$ 12,331	4,900
	<u>1,521,934</u>	<u>1,514,253</u>	<u>12,331</u>	<u>3,023,856</u>
Accumulated Depreciation	<u>231,400</u>	<u>105,030</u>	<u>7,399</u>	<u>329,031</u>
Property & Equipment				
Net	1,290,534	1,409,223	4,932	2,694,825
Construction in Progress	1,522,550	59,186	1,509,273	72,463
Industrial Park Plan				
Net	<u>4,960</u>	<u></u>	<u>620</u>	<u>4,340</u>
	<u>\$ 2,818,044</u>	<u>\$ 1,468,409</u>	<u>\$ 1,514,825</u>	<u>\$ 2,771,628</u>
	=====	=====	=====	=====

Accumulated depreciation is recorded as a reduction of the investment in fixed assets, as discussed in note 1. Estimated useful lives used to compute accumulated depreciation on a straight line basis are as follows:

Land Improvements	10-30 years
Buildings & Improvements	10-25 Years
Furniture, Fixtures & Equipment	5-8 Years
Vehicles	3 years

The industrial park plan is being amortized over a 15 year period.

## 6. Long-Term Debt

Long-Term Debt consists of the following:

Note payable in monthly installments of \$740, including interest at prime plus 2%, unsecured, the note matures in 1991 \$ 22,230

Note payable in monthly installments of \$1,000, plus interest at prime plus 2%, unsecured, the note maturing in 1992, was refinanced in August 1988 at an interest rate of prime plus 1%. 44,000

Less Current Portion 66,230  
19,071  
\$ 47,159  
=====

Maturing as Follows:

Year ended 6/30/89	\$	19,071
6/30/90		19,200
6/30/91		20,150
6/30/92		7,809
	\$	66,230
		=====

## 7. Lease Revenues

As discussed in note 1, the authority subleases under operating leases, certain real property and improvements. As part of these leases the authority is subleasing the Bullhead City Airport to an unrelated corporation. The lessee operates the Bullhead City Airport.

Cost of improvements made by the authority that are being leased is \$209,537 with related accumulated depreciation of \$41,173.

The operating leases have varying terms ranging from a month to month basis to twenty-five years. Most leases extending over a one year period contain a rent adjustment based on the consumer price index. Some leases contain an option to renew for a similar term.

Minimum future rentals to be received on non-cancelable leases as of June 30, 1988 for each of the next five years and in the aggregate are:

Year ended June 30, 1989	\$	86,705
1990		67,780
1991		58,680
1992		58,680
1993		58,680
Years thereafter		1,004,280
Total minimum future rentals	\$	1,334,805
		=====

## 8. Commitments

As discussed in note 1, the authority leases the real property of the Kingman and Bullhead City Airports and the Kingman Industrial Park from Mohave County. The term of the lease is for twenty-five years expiring in the year 2011 with an option to renew for an additional twenty-five years. Rent on the lease is payable in annual installments of one dollar.

MOHAVE COUNTY AIRPORT AUTHORITY, INC.  
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1988

	<u>General Fund</u>
Salaries and Wages	\$ 73,208
Payroll Tax Expense	6,048
Workmen's Compensation	1,232
Advertising and Promotion	3,147
Auto and Travel	7,840
Dues and Subscriptions	185
Insurance-General	21,350
Insurance-Group	3,673
Miscellaneous	2,073
Office Expense	9,118
Professional Fees-Legal	9,292
Professional Fees-Accounting	3,758
Repairs and Maintenance	1,279
Supplies	4,355
Surveying, Appraisals and Fees	8,349
Taxes and Licenses	40
Telephone	4,095
Utilities	23,437
	<u>182,479</u>
	=====

See Accompanying Notes To Financial Statements

Voordeckers & Mosby  
Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

Board of Directors  
Mohave County Airport Authority, Inc.  
Kingman, Arizona

We have examined the financial statements of Mohave County Airport Authority, Inc. for the year ended June 30, 1988 and have issued our report thereon dated November 5, 1988. Our examination of such financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Voordeckers & Mosby*  
Certified Public Accountants  
November 5, 1988

MOHAVE COUNTY AIRPORT AUTHORITY, INC.  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1988

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
U.S. Dept. of Transportation Federal Aviation Administration Airport Aviation Administration Project #AIP-3-04-0021-02 Contract #DTFA08-84-C-20183	20,102		\$ 528,740
 Airport Improvement Program Project #AIP-3-04-0021-03 Contract #DTFA08-85-20269	20,102		715,595
 U.S. Department of Commerce Economic Development Administration Project # 07-01-02816	14,218		251,626

Revenue

<u>Accured at July 1, 1987</u>	<u>Received During Current Year</u>	<u>Accured at June 31, 1988</u>	<u>Total</u>	<u>Expenditures</u>
	\$ 2,642		\$ 2,642	\$ 2,642
	3,650		3,650	3,650
<u>                    </u>	<u>                    </u>	\$ 26,972	<u>26,972</u>	<u>26,972</u>
<u>                    </u>	\$ 6,292	\$ 26,972	\$ 33,264	\$ 33,264
<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

# Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

Board of Directors  
Mohave County Airport Authority, Inc.  
Kingman, Arizona

We have examined the general purpose financial statements of the Mohave County Airport Authority, Inc. for the year ended June 30, 1988, and have issued our report thereon dated November 5, 1988. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984 and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories:

## Accounting Controls

- Revenue/receipts
- Expenditure-purchasing and payroll
- External financial reporting

## Administrative Controls-General

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports

## Administrative Controls-Specific

- Types of service
- Matching level of efforts
- Eligibility
- Reporting
- Cost allocation
- Monitoring subrecipients

The management of the Authority is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems used in administering federal financial assistance programs are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and with respect to federal financial assistance programs, resource use is consistent with laws, regulations and policies; resources are safeguards against waste, loss and misuse;

and reliable data are obtained and maintained to permit the preparation of financial statements in accordance with generally accepted accounting principles and the preparation of Federal reports in accordance with Federal requirements.

Because of inherent limitations in any system of internal accounting and administrative controls used in administering federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above with the exception of relocation assistance and real property acquisition, cost allocation, and monitoring subrecipients which do not apply to the federal grants administered by the Authority. During the year ended June 30, 1988 the Authority had no major Federal financial assistance programs and expended 100% of its total federal assistance under nonmajor federal assistance programs. With respect to internal control systems, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether the necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses. Such study and evaluation included the significant internal accounting and administrative controls used in administering Federal financial assistance programs.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems taken as a whole or on the internal control systems used in administering the federal financial assistance programs of the Authority. Accordingly, we do not express an opinion on the internal control systems used by the Authority.

However, our study and evaluation and our audit disclosed the following conditions that we believe result in more than a relatively low risk that errors or irregularity in amounts that would be material in relation to the general purpose financial statements or to a Federal financial assistance program may occur and not be detected within a timely period.

Due to the limited number of administrative personnel there is an absence of segregation of duties in administrative and accounting functions. The absence of segregation of duties creates inherent limitations in the internal control system and weaknesses are likely to exist. Although duties are segregated when possible, at the present time management does not believe there is a sufficient volume to warrant hiring the additional employees that would be needed to achieve a significant separation of duties.

Expenditures for normal and recurring items (ie. utilities) did not typically have approval for the expenditures noted on the invoice or voucher. Approval was noted by dual signature on the checks. Documentation should be prepared noting proper approval of the expenditures presented for payment. Management has stated that they are adopting a system to document approval of all invoices.

The Authority has not maintained an inventory of property and equipment. Fixed asset schedules are prepared by independent accountants, however, internally kept records would provide better control and management of fixed assets. Files should be developed to record dates of acquisition and disposition, cost, location, and other information the Authority believes would be useful to its management of fixed assets. Management plans to begin keeping an inventory of fixed asset acquisitions.

Files maintained by the Authority relating to grants were at times unorganized, making information retrieval difficult. No instances of missing information were noted. However, files should be organized in a manner to simplify information retrieval in order to establish compliance with grant provisions for examining agencies and independent auditors. Significant improvements were noted in the files for subsequent years.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in (1) our audit of the June 30, 1988 general purpose financial statements and (2) our examination and review of the Authority's compliance with those laws and regulations for which we believe noncompliance could have a material affect on the allowability of program expenditures for Federal financial assistance programs. This report does not affect our reports on the general purpose financial statements and on the Authority's compliance with laws and regulations dated November 5, 1988.

This report is intended solely for the use of management, all applicable Federal agencies, and those other governments from which Federal financial assistance was received and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Mohave County Airport Authority, Inc., is a matter of public record.

*Voordeckers & Morby*  
Certified Public Accountants

November 5, 1988

**Voordeckers & Mosby**  
Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

Board of Directors  
Mohave County Airport Authority, Inc.  
Kingman, Arizona

We have audited the general purpose financial statements of the Mohave County Airport Authority, Inc., for the year ended June 30, 1988, and have issued our report thereon dated November 5, 1988. Our audit was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the General Accounting Office; the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Government, and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the Mohave County Airport Authority, Inc., is responsible for the authority's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records that included, but were not limited to, transactions and records relating to certain nonmajor Federal financial assistance programs. The purpose of our testing of transactions and records was to determine the Authority's compliance with those laws and regulations for which we believe noncompliance could have a material effect on the allowability of program expenditures or on the Authority's general purpose financial statements.

The results of our tests indicate that for the transactions and records tested, the Mohave County Airport Authority, Inc., complied with the laws and regulations referred to above. Our testing was more limited than would be necessary to express an opinion on whether the Mohave County Airport Authority, Inc., administered the nonmajor Federal financial assistance programs in compliance, in all material respects, with those laws and regulations for which we believe noncompliance could have a material effect on the allowability of program expenditures. With respect to the transactions and records that were tested by us, nothing came to our attention to indicate that the Mohave County Airport Authority, Inc., had not complied with laws and regulations other than those laws and regulations for which we noted violations in our testing referred to above.

*Voordeckers & Mosby*  
Certified Public Accountants

November 5, 1988